<Article>Changing Attitudes of Japanese Workers under Globalization : Small Disillusion and Renewed Hard Work

Changing Attitudes of Japanese Workers under Globalization:
Small Disillusion and Renewed Hard Work

TAKASHI KAWAKITA

Introduction

It is seven years since the Japanese economy went into recession.

The number of unemployed has increased for seven consecutive years and reached 2.16 million. In only one year, 1998, the number of regular workers went down by over one million (Department of General Administration (DGA), 1999), and overtime hours in manufacturing industries dropped by 14.8% (The Ministry of Labour (MoL), 1999).

The long-term unemployed (those who have been unemployed for one year or more) has reached 700 thousand, the highest since 1984. For those who have survived all waves of "downsizing" so far, the average real wage decreased by 1.8 percent in 1998 (MoL, 1999).

Not only this domestic recession but also the Asian economic crisis has hit the Japanese car industry. Domestic consumption of cars has slumped during these seven years of recession. Domestic production of them, which once reached a peak in 1990 (13.48 million), has now dropped to about 10 million.

At the same time, overseas production has been increased dramatically (Table 1). In addition, Japanese car manufacturers increased global purchase of parts. The amount of car parts imported by Japanese car manufacturers increased by fourfold between 1987 and 1997 (JAMA, 1998a), and imports from the US increased eightfold in the same period. More parts are purchased by overseas companies directly from other Japanese overseas firms.

Therefore, the over-capacity not only in assembly manufacturers but also in parts suppliers is clear, and the relative importance of the domestic work force has diminished. This recession and globalization affect employment security and other labour conditions of workers in the car industry, which accounts for a significant part of Japanese total employment (Table 2).

Table 1 Overseas production of Japanese branded vehicles.
(1,000 vehicles)

	Domestic Production	Overseas Production
1985	12,270	950
1990	13,490	3,510
1995	10,200	5,891
1997	10,980	6,340

(JAMA, 1998a)

Many restructuring plans have been announced by management. For example, Nissan, which was in difficulty long before this recession, now has more problems and welcomed Renault's investment. Mitsubishi was severely hit by the East-Asian economic crisis. Even Honda, which

has been seen as relatively healthy, announced that one of its production lines at the Suzuka factory would be closed down.

Table 2 Employment in Japanese car industries (Thousand)

Car Manufacturing	92.3
Assembly	28.6
Parts	57.7
Body	6.0
Car Sales & Maintenance	130.6
Wholesale	18.9
Retail	65.5
Parts Sale	11.1
Mechanical Service & Maintenance	35.1

(JAMA, 1998)

Not only car workers but also all workers in manufacturing industries are worrying about their pay and job security (Table 3). If you see the responses of production workers to the same questions, we can easily find their anxiety is bigger.

Table 3 Job Dissatisfaction Factors (What Japanese workers of manufacturing industries feel unhappy with at work : up to three answers) (Respondents: 9131)

1	The future of pay is unpredictable.	44.3%
2	The pay is too small.	39.8
3	I may not be able to secure my employment status here until my retirement age.	30.7
4	My company cannot expect the prosperous future.	26.5
5	I am too busy to bear with too much of a workload.	19.4
6	My accountability is too high considering the level of my pay.	15.3
7	The working environment at my workplace is not good.	12.3
8	I may lose my job under corporate restructuring, economic depression, etc.	12.1
9	Overtime are too long and weekend the employers require us to to work in many weekends.	10.4
10	I can't take holidays as many holidays as I wish.	10.4

(JTUC: 1999)

Table 4 Main Job Dissatisfaction Factors of production workers of all industries (up to three answers) (Respondents: 8535)

1	The future of pay is not predictable.	48.4%
2	The pay is too small.	46.7
3	I may not be able to secure my employment status here until my retirement age.	39.5
4	My company cannot expect the prosperous future.	25.1

(JTUC 1999)

Thus, my two main questions are as follows;
First, are Japanese car workers demoralized by this globalization?
And second, are trade unions of Japanese car industries becoming anti-management?

To these questions my answers are as follows;
To the first question, Yes, but the demoralization is slight, and they will keep working

hard.

To the second question, No, they would rather collaborate with the management.

Table 5 shows that Japanese workers have come to disbelieve in job security and have become dissatisfied with their companies. 41. 1% of Japanese workers don't believe that lifetime employment is a real prospect. However most of them want to work as long as possible in their current companies. Under pressure of the changing world of work, Japanese workers are struggling to keep up with change, and they will make more effort to make their companies survive, by doing longer overtime and learning job-related skills. They require more training and development from their companies.

Traditional loyalty keeps eroding and workers will have a more "give-and-take" attitude towards their management, but Japanese companies also keep reinventing sophisticated human resource management techniques.

Labour unions continue to retain their participant and collaborative attitudes towards management. They have spent and will spend much time discussing corporate strategy problems with management. Internal conflict between unions and management will not occur. They rather collaborate to act against the government as far as economic policies, social security, and more flexible labour market regulations are concerned. This requires a more policy-expert type of union officials. The members will begin to see their unions more as instrumental than as representative.

On the other hand, one of the key factors for management remains higher levels of skills and motivation of workers rather than industrial relations. Japanese workers are not changing their skill development oriented attitude, and the management would invest in development and training of fewer workers even under severe downsizing[1].

Table 5 Workers Opinions on Their Working Life:
(Respondents: 9131 workers in Manufacturing Industries)

	Strongly Agree	More or Less Agree	More or Less Disagree	Strongly Agree
A I can make the most of my potential in my present job.	5.5%	58.7%	30.3%	3.8%
B Job related training and development are good enough in the company.	2.8	29.0	49.3	17.3
C My job is too hard and I am worrying about my health.	7.8	32.3	46.8	11.3
D My tasks are getting so much more varied and difficult that it is somehow difficult to keep up with it.	8.1	40.1	42.1	7.8
E I want to continue working here but I am afraid I might be transferred to other places or dispatched to other companies.	7.1	25.8	43.3	21.8
F I am afraid I might be fired because of bankruptcy or poor achievement of the company.	8.9	32.2	43.1	14.1
G The present job does not suite me, and I wish to find job in another company.	3.9	16.2	48.1	29.8
E I am afraid I might not be able to keep up with the technological progress (e.g. IT)	6.1	29.9	44.9	17.2

(JTUC: 1999)

1 They have become slightly disillusioned, and feel anxious about their job security.

When the Japanese car industry's white-collar employees entered the car industry, the industry was growing, and the companies were prosperous.

77.8% of our survey's respondents, many of whom entered the car industry in the first half of 1980s, say that the car industry was prosperous and growing when they entered it (RIALS). 62.9% say that their present companies were prosperous and growing when they joined these companies.

Their companies are ones that the white-collar employees wanted to join. 46.3% say that their current companies are "exactly" or "mostly exactly" what they wanted to join. It is only 5.4% who say that they did not want to enter their present companies (RIALS).

There is no similar survey of production workers, but from my experience of interviewing them several times, I believe that their companies are what production workers wanted to join.

However the Japanese car industry's employees have become slightly disillusioned.

75.5% production workers in the Japanese car industry feel their tasks are getting harder (JAW, 1997).

White-collar employees become disillusioned, too. At the end of 1994, only 13.2% of them say that the car industry of that time was prosperous and growing. The overwhelming majority (76.6%) said that it was stagnant, and 10.2% said it was declining. Only one quarter (25.7%) said that their companies were prosperous and growing. The majority (63.5%) said they were stagnant, and 10.8% said that they are declining (RIALS). These numbers would higher now.

Yet they are not totally disillusioned. Production workers in the Japanese car industry are ambivalent about job satisfaction. 20.2% say they are either dissatisfied or more or less dissatisfied, but 43.4% say they are not sure if they are satisfied or not, and 35.7% are either satisfied or more or less satisfied. Employees in indirect sections are also in the same situation, but their dissatisfaction is larger. 41.9% say they are either dissatisfied or more or less dissatisfied, 23.2% say they are not sure if they are satisfied or not, and 33. 8% are either satisfied or more or less satisfied (JAW, 1997 and 1997a).

I suppose that one of the reasons for this ambiguity is that the car industry is in a relatively better condition compared to other industries, and another is that many production workers love their products -- cars, of course, which remain symbols of prosperity. Over half of production workers and technicians (51.7%) are proud of their car industry (JAW, 1997). On the other hand, white-collar employees in manufacturing industries are relatively less paid than their peers in other industries (financial services, law and consulting firms, communication, etc.).

The Japanese car industry's white-collar employees are not confident of their job security. Nearly half of them agree that the level of Japanese unemployment will reach that of other Western countries. 43.1% agree that the level of Japanese unemployment will reach that of other Western countries. 25.1% agree that the companies will discontinue "job-for-life" policies and they will begin to make their employees leave.

Almost no one (mere 0.6%) agree that the responsibility of corporate executives towards

employment is so important that the latter dare not fire employees. Only 1.6% agree that their employment is secured if they work hard (RIALS).

2 They don' t quit and their loyalty is still strong, but....

Facing the crisis of the industry and their companies and stagnant labour conditions, most production workers in the Japanese car industry remain job-for-life-oriented. Only one quarter don't want to continue in their present jobs until retirement day (JAW, 1997).

White-collar employees too are not activejob hoppers. 71.9% say that they don't want to change their jobs.

Why are they so negative when they think of the possibility of changing their jobs, though they think their industry and their companies are stagnant or declining?

One reason is their corporate loyalty. As for white-collar employees, the corporate loyalty is strong. Only 10.8% say their loyalty is "very strong," but 65.3% say their loyalty is "mostly strong. "Mere 24.0% say it is weak or it does not exist.

In the latest "bubble" economy, and after it crashed, some famous companies were revealed to have gotten involved in scandals, and we have seen an "anti-business" climate. Several critics say that Japanese employees have begun to criticize their companies. However, only 2.4% of the Japanese car industry's white-collar employees say their companies should be criticized by society. Almost all of them (94.6%) say their companies have taken fair social responsibility and that there are "no" or "only minimum" problems in their corporate activities.

Such strong loyalty keep them from quitting.

However, we cannot forget economic factors.

One of the reasons why they don't quit is, in their own opinions, Japanese seniority-oriented wage systems (Table 6). The renumeration is directly related to length of service, and the retirement lump-sum payment, which is generally no less than monthly basic pay multiplied by the years they serve, is very big compared to that of other countries. These systems are under fire now in the recession, though.

Another reason is that retirement programmes and corporate pensions are company specific (Table 7), but the Japanese government and employer associations now are planning to introduce more portable types of both.

The fourth reason is that large Japanese companies generally don't want to hire late starters. However the Department of Labour has recognized private employment agencies to promote mobility in the labour market, and big companies have begun to hire senior management and middle management from external pools of talents in order to match foreign companies.

The fifth, but not the least, reason is their economic concerns (Table 8). In a nutshell they need money. Thus, when their companies do not guarantee them relatively high pay, they may quit.

The sixth reason is their psychology. They are just afraid that they won't be able to adapt themselves to a new environment. However, some of them have begun to realize that if they don't change their jobs now, their future might be worse.

Thus, I cannot say that the corporate loyalty of Japanese white-collar is endless. As for production workers, they are not necessarily satisfied with their companies. They are happy with

their team mates. 61.1% say so (JAW, 1997). That is they are more loyal to their colleagues than their companies. Their corporate loyalty depends on how their team mates are treated by the employers and how they react.

Table 6 The job-related reasons that obstruct Japanese employees from changing jobs, as perceived by Japanese middle management, supervisors, and non production employees, regardless of employees' real wish to change jobs. (M. A.)

1	The retirement allowance will be big when I continue to work until official retirement age.	40.1%
2	The renumeration is directly related to length of service	39.5
3	I am satisfied with my present workplace.	31.7
4	If I change jobs, I lose my contributions I have paid for lump-sum retirement money.	25.1
5	If I quit, I should repay all the money I borrowed from the company.	22.2
6	I believe that the company make every effort for my future.	16.8
7	I feel I contribute to society when I work in this company.	16.8
8	I don't want to be a traitor against the company or my team mates.	15.6
9	If I work hard in the company, the chances are I will be promoted.	15.0
10	I have many friends in this company.	13.2
11	I should have to leave my house that is rented from the company.	11.4

(Research Institute of JTUC. 1995)

Table 7 The social conditions that obstruct Japanese employees from changing jobs, as perceived by Japanese middle management, supervisors, and non production employees, regardless of employees' real wish to change jobs. (M. A.)

1	The retirement and pension schemes are company specific and not portable.	55.3%
2	Even in companies which hire late starters, there are age limits.	36.5
3	Every company has a surplus of employees, so I can't find job offers.	36.5
4	There is no custom in Japan for the individual employee to negotiate their terms with the company.	34.6
5	My present company is the best.	33.3
6	The big companies don't hire late starters.	31.4
7	Every company prefers the job security of their own employees rather than providing jobs outside.	17.0
8	There are no other jobs where I can make the most of my potential.	16.4

(RIALS, 1995)

Table 8 The other conditions which obstruct Japanese employees from changing jobs, as perceived by Japanese middle management, supervisors, and non production employees, regardless of employees' real wish to change jobs. (M. A.)

1	I need economic security until my children become independent.	49.7%
2	I am afraid of not being able to adapt myself to a new environment.	46.1
3	My spouse would object.	35.9
4	I am too old to think about a change of jobs.	35.3
5	I don' t have skills useful outside of the company.	21.6
6	I don't know the real situation of other companies or other industries.	20.4
7	I don't know how to find job opportunities.	15.0
8	I know some friends who failed after changing of their jobs.	10.8

(RIALS, 1995)

3 White-collar employees seek upward mobility but production workers have begun to give up.

The Japanese car industry's white-collar employees have confidence in their ability to be senior managers; that is, 61.8% say they have enough ability to be senior managers in companies of the same size as their current companies, though only 4.8% say they can start their own ventures. This confidence has led to their being "company-men," who wish to move within their own companies. (RIALS)

Economists (e.g., professor Koike) says that Japanese production people's attitudes and labour conditions are similar to those of white collar colleagues and this is one of the secrets of Japanese manufacturers' "success." When white collar employees do not change their promotion-oriented minds, do production people keep such attitudes?

In the past, most Japanese production workers sought upward mobility and wanted to become foremen or achieve the further status of managers. An able foreman, who is usually promoted from the workers, is arguably one of the most important factors for productivity in the production sites, where many economists say lies the strength of the Japanese car industry.

The workers had a strong sense of intimacy with the foremen. Foremen were sometimes called "fathers" by their subordinates, who hoped to become foremen themselves someday. There was no strong "we vs. they" relationship between them.

However, under the pressure of harsh competition, the work of foremen has become harder, and less rank-and-file people want to become foremen. Only 13.1% of production workers in the car industry say they are "well paid" (JAW, 1997). 30.8% say the foremen are "burdened by heavy duties. "When they are asked "When you hear the word 'foremen,' what do you imagine,?" just 6.1% say they are "sort of fathers for team members." Rapid innovation and change has caused older employees to be valued less than before. Sadly enough for foremen, only 9.9% of production workers say that the strongest impression of foremen is that they are very able people. Foremen, who many production people think "always look very busy," have fewer chances to have enough time to get along with their subordinates.

More production workers in the car industry have started to see themselves as no candidates for foremen in future. 57.3% say that "as long as I can make the most of my skills and I get a pay-rise, I don't mind whether or not I am made a foreman someday. Only 13.8% say that "working on the production shop floor, I wish to become a foreman someday." This trend might grow into not only some kind of "we are we and we are not them" attitude among the rank-and-file. Nearly half of the production workers in the car industry (46.4%) say that they have a "give and take" relationship with their companies (JAW, 1997), and they are becoming not so loyal as in the past-but also a shortage of skilled foremen (JAW, 1997).

4 They are dissatisfied but they work hard and long

Under prolonged recession, the Japanese traditional annual pay hike has been kept very small. Even if they seem to endure this because of anxiety about job losses, many Japanese workers in the car industry are discontent with their wages.

In answer to the question: "Are you satisfied with your wage, comparing it to those of your

friends, relatives, etc. working in other industries?," only 17.0% of production workers and 16.8% of non-production workers in the car industry say they are satisfied or more or less satisfied. As many as 52.3% of production workers and 61.1% of non-production workers say that they are either dissatisfied or more or less dissatisfied (JAW, 1997 and 1997a).

When this question is restated with a new measure of comparison, and workers are asked; "Are you satisfied with your wage, considering your efforts and levels of skills?," only 15.1% of production workers and 17.5% of white-collar employees say they are either satisfied or more or less satisfied. 45.3% of the former and 50.6% of the latter say they are either dissatisfied or more or less dissatisfied (JAW, 1997 and 1997a).

Thus, car workers are dissatisfied with their wages, and they wish their unions place the most emphasis on wage struggle. Though, at the same time, they understand that the company would not compromise on wages. They do not push the union into industrial action. They want to get extra money by doing overtime.

Even though one of the union's important objectives in recent years has been reduction of working hours and the workers have supported this objective, overtime pay is important for their living. The reason why Japanese workers work long hours is not necessarily that they are "workaholics."

Some critics say that Japanese workers are "workaholic," and others even say that they are "corporate cattle. However the Japanese car industry's white-collar employees are not blindly loyal. They have a balanced loyalty, in their opinions at least. Almost all (97.0%) say that their affectionate attachment to their family is strong or mostly strong. 77.2% say that their attachment to their hobby or leisure activities is strong or mostly strong (RIALS).

However what they say they wish is not what they live. Many production workers in the car industry do not fully take their paid holidays. 51.1% say that they can easily take their paid holidays as they wish, but on the other hand 47.5% say that they can't do so (JAW, 1997).

Statistics show many production workers work longer their counterparts in Western countries, but only 16.7% say they wish not to do overtime. 35.2% say their overtime hours are too long in their workplace, but the same numbers (36.9%) say their overtime hours are not too long (JAW, 1997).

Why do Japanese car workers work so long when foreign workers, especially German workers, strongly demand shorter hours?

The main reasons that production workers in the car industry cannot take enough of their paid holidays are, in their opinions (single answer), 1) "I am busy with my tasks." (33.8%), 2) "The climate of the workplace is not favorable to paid holidays." (23.6%), 3) "I do not wish to trouble my colleagues." 23.5% (JAW, 1997).

Thus under harsher competition, Japanese car workers are burdened with more intense work. However this is not the only reason, even though some writers on labour problems say that the employers are completely to blame. The old fashioned "group-oriented" mind of Japanese workers, and "peer-pressure," prevent them from taking their legal right, and we should remember that most production workers are loyal to their team mates.

Just a few years ago, when the Japanese economy enjoyed its "bubble," some critics said that

the Japanese "work-ethic" had died. However it seems this was not the case. On the contrary, the surviving "work-ethic" of car workers means that they do not become discontent with longer hours. As for overtime, 46.4% say, "it is necessary to finish pre-planned tasks." They generally feel a sense of achievement when they are given "challenging" tasks, which some outside observers see as "too-heavy" (JAW, 1997).

It is true that we see the surviving work-ethic among Japanese workers, but this ethic survives so long as their companies repay them enough for their efforts. That is, we cannot overlook the economic side of the coin. For 34.7% of car workers say that overtime means more money and that they welcome it. In this sense there is a "give and take" relationship between workers and car manufacturing companies. Especially the younger generation do not so easily give up their right to take free time. Of the 34.0% of car workers who say that the company should have good enough production planning and enough people at work not to force employees to do overtime, the majority are thought to be younger workers (JAW, 1997).

5 Competitive strengths of Japanese car manufacturers and workers still survive but under threat

Their workers' acceptance of longer hours is one of the strengths of Japanese car manufacturers.

In addition, their willingness to learn new technology is another one. Typical Japanese workers in manufacturing industries are not afraid of information technology (IT) or other technological innovations (JTUC, 1999: Table 5). Production workers in the car industry are pro-automation, because they evaluate positively the results of past automation. 75.4% of them say that automation improved their operation (JAW, 1997).

The third strength is that they like to help colleagues, and there is no need to continually promote the concept of "teamwork" as strong as in Western car manufactures. For example, often in Japanese companies, employees are dispatched to workplaces other than theirs to help colleagues. Such dispatching is usually called "helping. "82.0% of workers think that this "helping" contributes to "redistributing the work force among group companies according to changing demands of work." At the same time 30.3% think that it contributes to "developing employees skills & abilities through wider experience. "Furthermore, 56.4% agree or mostly agree that the "helping" experience would make their range of skills broader (JAW). The relatively low resistance of Japanese car workers to such kind of transfer allows their companies to adjust their work force more easily and they can make their workers more skilled. However, if companies betray their workers' skill oriented concerns, there will be some trouble, because giving the workers chances to get broader skills in exchange for frequent transfers is sort of "psychological contract" between the companies and their workers.

The fourth strength is that production workers in the Japanese car industry are quality-oriented. Two third (66.6%) say they are very interested in the quality of their products (JAW, 1997). They have such craftsmanship and are kind of perfectionists. Nevertheless, this attitude can again turn them against the companies. Indeed, Almost all production workers (92.9%) criticize their companies' emphasis on quantity rather quality of products (JAW, 1997).

The fifth strength is that they are managed by "MBO" (management by objectives). The majority (56.9%) of production workers and technicians in the Japanese car industry say that

they are given clear and understandable objectives (JAW, 1997). There is a reason that MBO works in Japanese workplaces, because production workers in the Japanese car industry are achievement-oriented. The most important factor of "happiness at work" is to feel a sense of achievement, as many of them say (JAW, 1997) as their non-production counterparts (JAW, 1997a).

However production workers in the Japanese car industry sometimes feel alienated from the objective-setting process and from the achievement appraisal process. 54.3% say their opinions are not reflected in the objectives. 73.8% says they don't know what job factors are measured in the appraisal process. 71.8% say they don't know the results of their appraisal, even though 53.1% say they want to know because 64.5% say they want to know how their work was evaluated.

6 Under the pressure of global competition, Japanese car workers want more skills and job training

Many critics say that one of the weaknesses of Japanese workers is that they are not fully ready for globalization. Even managers may agree, because only 35.3% say their core skills can be used in in foreign companies (RIALS).

However this lack of confidence shows that they are honest enough to admit that they have weaknesses and many have just begun to see "the world" around them and their companies and seek to adapt themselves to this new challenge.

Globalization requires in some cases the Japanese white-collar employees to work abroad, or give up their further promotion in domestic shrinking organizations. Still, only few of them say they could work as global managers if they were selected; that is no more than 10.2% say that they could easily work if they were dispatched abroad. Half of them (53.3%) recognize they cannot speak English (RIALS).

However, this is not to say that they don't wish to learn globalization skills. Generally speaking, Japanese workers have a passion for learning and welcome development and training. Most production workers in the Japanese car industry are always seeking higher skills and training opportunities. 59.3% say they are making an effort to learn higher skills, and 60.8% say that they want more opportunities for training (JAW, 1997).

55.7% of white-collar employees, too, agree that today's working people should develop skills they could make use of in other companies someday. 70.7% agree that employees today should make efforts to plan their careers by themselves, and that they should not be blindly dependent on companies' career management policies. They are starting to invest in their own skill development by themselves. A quarter (22.8%) say they wish to reenter colleges or universities (RIALS).

What kind of skills do they want to learn? The car industry's white-collar employees think that the necessary skills are health maintenance, global management, balancing several aspects of life, interpersonal skills, and leadership as agents of change (Table 9).

Many white-collar employees want to develop their skills for a globalization age. In addition, they want to be agents of change, keeping up with change and starting change by themselves. They have always been more team-work oriented than their counterparts in other count-

ries, and they continue to be so.

Table 9 10 Important Skills Needed by Japanese middle managers, supervisors and non production employees of the Car Industry. (M. A.)

Fitness and health maintenance	58.7%
Skills for a global age	57.5
Skills to make most of free time	53.9
Interpersonal skills with subordinates	53.9
Adaptability to change, Leadership from the front	50.9
Interpersonal skills with colleagues	47.3
Interpersonal skills with family	44.9
Skills to sell myself	43.7
Knowledge for emerging jobs	42.5
Networking ability among non-business related people	39.5

(RIALS, 1995)

On the other hand, what they want to learn is not limited to job-related skills. Many want to have personal life-related skills to live a more balanced way of life through fitness exercises and leisure activities. They seem to be beginning to ignore their traditional "working-hard" attitudes, and looking for "working-smart" alternatives; Only 16.2% say they need "aggressiveness and a pro-active attitude," and only 15.0 % point out that they need "endurance and sweat" (RIALS).

This orientation may contribute to their companies. However if the companies fail to meet their needs, they arouse discontentment among their employees. Car-workers who seek to develop themselves are dissatisfied with present training programs. Only a minority (28.4%) agree that there is a formal human resources development policy in their workplace which is made clear to the employees. The majority (65.7%) disagree. Again a minority (23.0%) agree that physical conditions for human resource development are well organized in their workplace. The majority (70.6%) disagree (RIALS).

7 They want the achievement-principle rather than the seniority-principle.

There are many labour economists who claim that Japanese personnel management has always strongly emphasized seniority principles. These seniority oriented personnel programmes have fostered corporate loyalty of workers. But when the work force gets older, and especially when corporate growth stops, the total amount of payroll increases semi-automatically, and the burden from this makes downsizing almost inevitable, some economists say.

Also, a change in this seniority principle is necessary to avoid large scale of downsizing, both white collar and production employees admit. They also doubt about the present wage system. The discontentment of car workers I mentioned above is related to the Japanese age-oriented wage system.

To the question: "Does your company attach greater importance to age and length of service or to personal effort and levels of skills?," 43.5% of production workers and technicians, and 62.3% of white-collar employees of the car industry say that it attaches more importance "to age and length of service, or mostly so. " Half of that number of production workers (21.5%) and just one

ninth (12.1%) of non-production workers say that it attaches more importance "to personal efforts and levels of skills or mostly to it" (JAW, 1997 and 1997a).

Despite that, to the question: "Which do you prefer, a wage system which reflects more the age and length of service of employees, or one which reflects more personal efforts and levels of skills?", only 5.9% of production workers and the same percentage of non-production employees of the car industry say that they prefer "age and length of service, or more or less so. "Half of the former (49.5%) and the same percentage of the latter (48.7%) say that they prefer "personal efforts and levels of skills, or more ore less so" (JAW, 1997 and 1997a).

Why are they beginning to get rid of the trade unions' traditional seniority-oriented attitude? One of the answers is that even the production workers have become a sort of "knowledge workers, as" 61.0% want their companies to place more value on the knowledge of workers (JAW, 1997).

However, Japanese workers don't accept the "numbers mean everything" principle. They don't think that results are all that should be evaluated. Six out of ten insist that their companies place more value on their attitude. If the companies underestimate how hard the workers work at the process day by day, the latter may lose their motivation.

Table10 What the companies should do: by the opinions of their middle managers, supervisors, and non-production employees. (M. A.)

	The company should.....	
1	Introduce ability and achievement oriented personnel management systems, and let their employees know how their ability and achievement is evaluated by the company.	56.3%
2	Dispatch younger employees to related companies and broaden their experience.	50.9
3	Have alternative career courses ("professional courses") different from traditional management courses.	46.7
4	Promote more women to managerial positions.	43.1
	abolish traditional but ineffective strata or positions.	43.1
5	Have new comers work in shop floors to get deep knowledge about "Genba" (the front lines).	42.5
6	Give their employees more regular long vacations to get them refreshed and to avoid burnout.	40.7
7	Have more varied types of employment to make personnel volume more flexible.	34.1
8	Introduce early retirement programmes.	27.5
9	Allow employees to work from their own homes.	26.3
10	Train employees to develop their own career plans.	25.1
11	Limit the maximum length for management to remain in their managerial jobs to give younger generation more chances.	24.0
12	Have a promotion system which ignores length of service.	24.0
13	Make open the career tracks to management.	22.2
14	Use more headhunters to get talents from outside.	21.6
15	Raise their compulsory retirement age to 65 years old.	21.0
16	Hire late starters as their white-collar staff.	21.0

(RIALS, 1995)

8 Industrial Relations are stable even under recession.

There is no severe conflict in industrial relations in the Japanese car industry.

It is a long time since the management and labour established relatively collaborative re-

lationships. They usually exchange their opinions peacefully.

At the corporate level, top management and union's top leaders usually sit at the same table annually to discuss strategic problems that may affect work rules and labour conditions. This roundtable discussion is often called a "corporate management conference." In addition, the junior executives, human resource management or other appropriate management and union's second rank officials and experts sit at the same table more frequently to discuss practical problems and to seek resolutions in order to avoid argumentative collective bargaining or other industrial action. Individual works or firms have similar joint consultation systems.

In the spring of 1999, one Japanese company (X corporation) held no less than a four day session of "the central corporate management conference. "The discussion was friendly. A summary of the discussion is reported by the union as follows;

The management: "The company is now in peril. We should now dare to take decisive action for reconstruction of our company, or the company will perish. The workers and the unions are asked to recognize these fatal facts."

The union: "We recognize that the company faces great difficulties, and that not only the company but also we ourselves should make every possible effort." "However we request the employer to act swiftly to save our company and lead from the front to save all our corporate group companies, observing the corporate mission, 'to provide excellent quality of cars with long life. 'If the employer takes such actions, we will collaborate with you, but the prerequisite to our collaboration is job security." "We are afraid that the employers will take into consideration labour cost reduction only. Even if the company is in difficulties, motivating employees is very important, and without keeping the standard of living high enough, our people do not want to collaborate to conquer these difficulties. Thus the company should show how much of a pay-rise they will give us in return." "All the policies and programs of reconstruction of the company will be practically carried out by the workers. The union strongly requests the company to improve the labour conditions."

The management: "We can't afford such huge labour cost. We should dramatically change pay schemes and you should be prepared to accept a pay cut in the future. As for the bonus we cannot pay so much as you insist. A cut in the bonus is inevitable."

The union "This year, our opinion differs more with the management than in recent years. We respect the basic idea of this company's industrial relation policy: 'to trust each other. 'And we ask the employer to rethink it and to decide personnel policies on the same basis."

The management: "In order to support our employees, we will make effort to find some resolutions to maintain basic pay and pre-planned pay-hikes. However we insist again that the bonus should be cut dramatically."

After these discussions, the company and the union went into formal collective bargaining sessions, which last for a shorter time. Without resorting to strikes, the union accepted the cut in bonus but saved their standard of basic pay, even though their pay-hike was kept to a minimum.

The point in this process is that the employers themselves emphasized the importance of job security, and they claimed that they should cut wages to ensure this security. In this sense, even

though the employer and the union quarrelled about money, they had something in common. This is one of reasons why Japanese industrial relations in the car industry do not collapse.

This company recently announced downsizing, but so far the company hasn't made any redundancies. The downsizing has taken traditional form. Firstly, natural wastage. Secondly, reduction of temps. Thirdly, internalization of subcontracted-work. Fourthly, transfers among shops, works, firms, and related companies.

Thus, the job security of the assembly manufacturers is secured, but of course employment problems occur in smaller suppliers or subcontractors, where workers are not usually organized.

Union concession under recession may cause some disillusion of workers, because in their opinions, negotiating pay-hikes is the most important role of their unions (Table11). Other than pay-hikes, Japanese workers request their unions to do many things, but they are losing their trust a little bit. Table11 shows that even though priorities for unions are the same, the number of those who want unions to act in those areas is decreasing. Another fact is that Japanese workers request their unions to organize their social and political activities outside their companies more. The reason for this is that an increasing number of older workers want their unions to place more importance on political activities (social security, national pension schemes, public medical insurance programmes, etc.).

Japanese typical trade unions are organized company-wide. Most managers are internally promoted, almost all managers were once trade union members. There is not a big difference between the renumeration system for union members and that for managers, managers also tend to want trade unions to do something. Thus in the survey of the RIALS, they asked white-collar employees of the Japanese car industry what they want trade unions to do.

Table11 shows that they see that the roles of labour unions are outside the company, not inside. Even the roles they require inside the companies are related to development and training policies of the companies. This suggests that the employer-union relationship is collaborative, and the employers and the unions work as partners to make the government adopt appropriate economic policies, modern industrial policies, and more sophisticated social security systems.

Table11 The areas of activities Japanese workers want their unions to cover (Multiple answers; The items they said they strongly want) (percent)

		1994	1996	1998
1	Wage and bonus rise	65.5 >	62.6 >	59.6
2	Safety and Amenity	54.8 >	49.2 >	45.7
3	Reduction of working Hours	47.5 >	44.8 >	41.5
4	National pension & Social security	49.9 >	45.4 >	37.8
5	Information & Counselling	38.4 >	36.0 >	34.7
6	Corporate Strategy & Business Planning	24.4	23.6	28.4
7	Union Welfare & Assistance	36.6 >	27.0 >	26.7
8	Transfer and Job Security.	25.6	25.3	25.9
9	Equality between sexes	23.4	20.8	21.5
(Respondents)		22538	19807	20761

(The figures of the 1998 survey are adjusted to make the comparison meaningful).
(JTUC 1999)

However this "corporatism" orientation may keep the unions apart from their rank-and-file members, who feel less loyalty towards both the companies and the unions and take a more "instrumental" attitude towards both of them. I don't suggest that the workers have come to distrust the unions. They see their unions' main function is to keep their jobs safe, and the unions have carried out this function successfully so far, even though employers and employees of small suppliers and dealers are suffering harsher downsizing.

Still, the workers are informed every day by media of the situation of the latter. When the recession last longer and their companies go one step more towards downsizing, their attitude towards the employers and the unions may change.

9 If the Japanese economy becomes a more labor mobile one, then one of its strengths will disappear

Thus the industrial relations of Japan are quiet so far. However, what if the managers fail to reconstruct their companies and what if the unions cannot keep their promises to secure the jobs of the rank-and-file? I have already pointed out that some reasons that keep workers from quitting are starting to disappear. The seniority-oriented pay and promotion systems are starting to be rejected by both the employers and the workers. The Japanese government and employer associations are planning to introduce more portable types of pensions and lump-sum retirement payment programmes to let workers move more freely between companies. The Department of Labour has begun to allow private employment agencies to grow in order to promote labor mobility, and big companies have begun to hire senior management and middle management from external pools of talent, rather than internal pools, to match foreign companies. Some companies cannot afford to pay enough to retain their employees. In addition, the workers have begun to prepare themselves for a new environment.

The unemployment rate in Japan is now the highest since the second World War, except for the chaotic years just after it. Some economists say we are now in an adjustment period to reach new economic equilibrium, and they claim that the labour market mobility should be welcomed, because through this, the economic society will recover its productivity.

However in the opinion of the very employees who could be "moved," a high mobility society will reduce productivity (RIALS).

Conclusion

After the crash of the Japanese "bubble economy," job anxiety of Japanese workers has been rising and they feel they are required to undertake more and harder tasks.

Japanese workers fully realize that harsher competition cannot be avoided. They have some anxiety about the future of their jobs, and they admit that their industry is not so attractive as it was when they joined their companies. Production workers in the Japanese car industry are not going to have their children work in the car industry. 38.8% are "definitely negative. "46.8% are "negative," because 48.5% of them predict an unprosperous future for the industry (JAW, 1997).

However they themselves want to continue their jobs and most of them don't want to leave.

In order to maintain their standard of living, they show their willingness to rise to the challenge. They recognize that the key factor to survive this "international war" is their skills. Because better skills allow them to do their harder tasks more easily, they are necessary to produce more "quality-oriented" cars and parts, and they make workers more "employable."

However workers think their companies do not give them the necessary training programs, physical space, practical tools and especially enough time.

One of the competitive strengths of the Japanese car industry is that its production workers and technicians are happy with long overtime, even though German counterparts dislike long hours. 46.4% say overtime is necessary to complete their tasks. Only 16.7% say they don't want overtime (JAW, 1997). However, these long hours obstruct the company from giving their employees time to take enough training. In addtion, long hours conflict with Japanese workers' new values. Contrary to the common myth that Japanese workers in manufacturing industries are workaholics, 54.1% either agree or mostly agree that they feel happier when they are with their family or when they are at leisure, while only 17.8% of them either agree or mostly agree that they feel happier when they are doing their jobs (JTUC, 1999).

International competition has made once far-sighted Japanese management be more short-sighted. Some workers are afraid that survival games may make some Japanese companies just drive them more and more mercilessly, contrary to the old-fashioned paternalistic personnel management style. Many workers think their chances of promotion are decreasing. Even the would-be line managers of larger companies expect fewer opportunities. 50.7% are afraid that the possibility of their promotion will become smaller. 28.0% don't think they can get promotion. Only 8.6% expect that they will be promoted (JTUC, 1999). Japanese companies, which keep downsizing and cannot offer promotion positions should invent new motivation factores other than promotion, yet they cannot pay more.

This situation is dangerous, because some car workers are beginning to show their discontentment, even though this discontentment does not turn into aggressive industrial action. One of the key factors is middle managers and supervisors, because even when the workers feel strongly dissatisfied, they consult with their managers more often than shop stewards or union officials. The friendly relationship between the managers or supervisors and workers, and the sophisticated efforts of Japanese management to keep this relationship work well to prevent industrial conflicts. Though, again, I should point out that the declining of seniority principles and internal promotion systems could make this relationship erode.

Many workers want their unions to play more active roles in the formation of new personnel systems. 64.7% of workers in manufacturing industries say that the unions themselves should propose their own alternative personnel systems (pay schemes, promotion principles, etc.) which they insist should be less seniority oriented (JTUC).

If the employers and the unions act wisely, each of them can gain back some loyalty from the members. However I am not sure if they are approaching this in the best way.

Table12 Action of workers in manufacturing industries against dissatisfying personnel appraisals (Answers to the question; "What do you do if you feel strongly dissatisfied with your personnel appraisal? ") (Multiple answers allowed. Respondent: 9131)

* I would like to consult with managers.	36.4%
* I would like to consult with shop stewards or union officials.	25.6
* I would like to give up and consult with nobody.	22.4
* I would like to plan to change the company.	18.7
* I would like to consult with my colleagues.	18.5
* I would like to write my complain in opinion polls or personnel surveys.	18.3

(JTUC)

Sources

DGA (The Department of General Administration), Special Survey of Labour Force: Feb. 1999

JAMA (Japan Automobile Manufacturers Association, Inc.), *The Motor Industry of Japan*, 1998.

JAMA (Japan Automobile Manufacturers Association, Inc.), *The Motor Industry and Globalization*, 1998a

JTUC (The Japan Trade Union Confederation), 1999, *Rengo Policy Document*, No. 115, Jan. 29, 1999. JTUC is the largest national federation of Japanese labour unions. The opinion poll was carried out in May to July, 1998, and effectively collected 25,029 answers of trade union members, of which 1,086 were of the Japan Automobile Workers.

JAW (The Confederation of Japan Automobile Workers' Unions), 1997, *Survey Report of Working Life of Production and Technical Jobs*, 1997. They polled in the spring of 1997. The respondent are 337,469.

JAW (The Confederation of Japan Automobile Workers' Unions), *Survey Report of Working Life of Production and Technical Jobs*, 1997a. They polled in the spring of 1997. The respondent are 337,469.

MoL (The Ministry of Labour), The 1998 General Report of Monthly Labour Statistics, 1999

RIALS (The Research Institute for Advancement of Living Standards, a division of JTUC), Corporate Loyalty and Mobility of Japanese Employees, 1995. The survey poll was done in September to November, 1994. Respondents are white-collar employees, and from which I extract 167 respondents of the car industry. Number of respondents is 167. Their status is; division managers or equivalent positions 6, section managers or equivalent managers 66, supervisors 39, others 56. 74.3% are from the biggest companies with 10,000 employees or more. The average age is 40.5 years old.

Supplement

Table S-1 Change of Industrial Dispute in Japan

		1992	1993	1994	1995	1996
Number of Strikes		263	252	230	209	193
Number of People who has involved	(000s)	109	64	49	38	23
Lost days	(000s)	231	116	85	77	43

note) Half-day-or-less-long strikes excluded.
source: Annual Report on Survey of Industrial Disputes, Japan Ministry of Labour (MoL).

Table S- 2 Estimated gross labour hours of production workers in manufacturing industries (1996)

Japan	US	UK	German (West)	France
1,993	1,986	1,929	1,517	1,679

source: MoL, Japan.
note) The labor hours of Japanese production workers were reduced dramatically by 8 % from 1990 to 1997, which in some part pushed up of labour costs.

Table S- 3 Average hourly labour cost in manufacturing industries (1996) (US=100)

Japan	US	UK	German (West)	France
118	100	80	180	120

source) MoL, Japan.

Table S- 4 Wage differentials between service-age groups of male production workers in manufacturing industries (2 years or less=100)

	2 years or less	3 - 4 years	5 - 9 years	10-19 years	20years or more
Japan (1993)	100	108	120	141	170
Germany (1972)	100	107	112	114	113
France (1972)	100	109	115	122	129

source; Japan Productivity Centre

footnotes

1 I focus the aspect of "psychological contract" between management and workers.

2 Major industrial unions started allowing more wage differentials between workers of the same job categories and service ages; e. g. DENKIROREN (The Japan Federation on Electric Workers Unions), in their "The Wage Policy, 1997."

2 Density of union membership in manufacturing industries has dropped from 46.2% (1955) to 34.4% (1980) to 22.6% (1997) (Basic Survey on Labor Unions, MoL). In manufacturing industries, only one union is recognized in 91.7% of firms where unions are recognized.

3 Even though younger employees are less keenly attracted by unions, as their companies are organized by Japanese "company-unit" unions, they are usually "forced" to be members. Thus, things differ between them and casual and seasonal workers, part-timers and contract staff, who are not the targets of organizations in many cases. This fact means some flexibility of the workforce, but we cannot exaggerate its effect. The part-timers' share in total employment is 10.0% in Japanese manufacturing industries (1996: Survey on Employment Trend, MoL). The surveys I used did not include these people.

4 The main targets of recent training of production workers are multi-skilling, especially knowledge of machine maintenance and trouble-shooting. Maintenance workers are trained to be entry-level engineer s, to supplement the shortage of qualified engineers. On-site technical college are becoming more popul ar.

5 Life-time employment is, as Japanese academics now widely acknowledge, mainly a product of

governmental policies in WW 2 to retain the production workforce for their armament factories. (After WW 2, Japanese companies really laid off many workers and faced aggressive industrial action. They changed their attitudes towards workers dramatically in the 1960s when they enjoyed massive growth. Most unions changed their attitudes towards employers sharply in the latter half of the 1970s, when they faced the depression caused by the oil-crisis. Thus the collaborative relationship is not a "cultural necessity" of Japanese industrial relationships.

6 This report is a revised edition of that I prsented at the seventh international colloquium of GERISPA, Paris, June 1999.

(July 5, 2000)

(1) Japanese managers generally keep investing in human resource development and training investment; see Takashi Kawakita "Corporate strategy and human resource manageemnt," in Sako, Mari and Sato Hiroki, 1997, Japanese Labour and Management in Transition (London: Routledge)